

Prompt Payment Act

VA continued to significantly improve vendor payment processes throughout 2003. The Department processed 5.9 million invoices subject to the Prompt Payment Act, worth over \$10.1 billion, with nearly 97 percent paid on time. In 2003, interest payments VA-wide declined by \$470,000 to \$907,000, a 34 percent improvement over 2002 levels. At the same time, discounts earned increased by \$526,000 (30 percent) over 2002 levels and we expect this improved performance level to continue. Combined, payment processing improvements saved VA \$996,000 in 2003—savings the Department can use to improve veterans care.

VA's audit recovery efforts over improper vendor payments reflect similar improvements. Fiscal year 2003 collections of duplicate payments and the recovery of unapplied vendor statement credits increased \$771,000 (34 percent) over 2002 levels, and 2003 collections exceeded \$3 million overall. Improved payment oversight has also driven a 41 percent reduction in duplicate payments identified and cancelled prior to disbursement, compared to 2002 levels.

During 2003, the Department aggressively used the governmentwide commercial purchase card program. Over 3.2 million purchase card transactions were processed, representing over \$1.7 billion in purchases. The electronic billing and payment process for centrally billed card accounts earned VA over \$18 million in credit card rebates.

VA's Prime Vendor Payment System automates payments under a nationwide prime vendor centralized pur-

chasing contract. In 2003, 138 VA medical centers used the Prime Vendor System to electronically process over 434,000 transactions worth over \$3.1 billion.

VA's Travel Management Centers serve veterans and employees who travel frequently. The billings are transmitted electronically from each Travel Management Center, and payment is sent daily through the Department of the Treasury's Electronic Certification System. In 2003, the travel management program processed 116,000 transactions, disbursed payments of over \$19 million, and earned approximately \$224,000 in rebates.

VA's Financial Services Center (FSC) continued to provide vendor payment history on the Internet. Currently, the new Vendor Inquiry System Internet application, implemented this year, stores almost 4 years of information on invoices. So far this year, 5,080 vendors

have registered and made over 105,300 queries using the new Internet application to assist them with payment identification.

The FSC has also continued to improve the Intranet online invoice certification process, which allows invoices to be certified electronically and sent for payment. VA's Online Invoice Certification System allows the FSC to notify certifying officials via e-mail of any invoice requiring payment certification. Through the Intranet, the certifying official can view, certify, and forward the invoice to the FSC for payment processing, reducing the processing time to hours rather than days. In 2003, a total of 3,160 individuals were assigned user IDs to access the system. During 2004, the FSC plans to expand the certified invoice service throughout VHA and will implement the online system at all facilities as part of the VHA payment centralization initiative.